

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 TRSE-00 SS-15 EB-08 OMB-01 CEA-01  
FRB-03 CIAE-00 INR-10 NSAE-00 H-01 COME-00 /052 W  
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R 270913Z APR 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 6262  
INFO AMEMBASSY PARIS

C O N F I D E N T I A L BRUSSELS 08209

USEEC

PARIS FOR OECD

DEPARTMENT PASS TREASURY

E.O. 11652: GDS  
TAGS: EFIN, ETRD  
SUBJECT: BERGSTEN-DENMAN CONVERSATION: EXPORT CREDITS

1. DURING CONVERSATION WITH EC DIRECTOR GENERAL SIR ROY DENMAN ON APRIL 26, ASSISTANT SECRETARY OF THE TREASURY BERGSTEN STATED THAT ALL SIDES HAD WORKED HARD ON PUTTING TOGETHER THE NEW EXPORT CREDIT ARRANGEMENT AND THAT A NUMBER OF ITS FEATURES REPRESENT IMPROVEMENT OVER PREVIOUS AGREEMENT. HOWEVER, THE USG, AND PARTICULARLY THE TREASURY DEPARTMENT, ARE COMING TO THE VIEW THAT THE NEW CONSENSUS DOES NOT GO FAR ENOUGH. HE POINTED OUT THAT PRESSURES ARE INCREASING EVERY DAY, PARTICULARLY FROM THE US CONGRESS, FOR A STRONGER INTERNATIONAL AGREEMENT ON EXPORT CREDITS.

2. BERGSTEN STRESSED THAT IN COMING MONTHS THERE WILL VERY LIKELY BE NEW LEGISLATION WHICH WILL DIRECT THE  
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SECRETARY OF TREASURY TO NEGOTIATE FURTHER IN THIS AREA. IT SEEMS LIKELY THAT THE USG WILL PROPOSE FURTHER NEGOTIATING EFFORTS TO (A) RAISE MINIMUM INTEREST RATE LEVELS, (B) BRING MIXED CREDITS AND CREDITS TO EASTERN EUROPE UNDER THE AGREEMENT, AND (C) BRING INTO THE CONSENSUS NEW SECTORS, E.G. AIRCRAFT.

3. BERGSTEN EMPHASIZED THAT HE WAS NOT AT THIS TIME PROPOSING A NEW ROUND OF NEGOTIATIONS, BUT DID WISH TO INDICATE THAT THE SCOPE OF THE REVIEW OF THE CURRENT ARRANGEMENT NOW SCHEDULED FOR OCTOBER 1978 MAY HAVE TO BE EXPANDED TO INCLUDE A CERTAIN AMOUNT OF RENEGOTIATION. INDEED, DEPENDING UPON THE TIMING OF THE CONGRESSIONAL ACTION, THE US MIGHT PROPOSE AN EARLIER CONVENING OF PARTIES TO THE CONSENSUS.

4. BERGSTEN MADE THE FURTHER POINT THAT THOUGH THE OFFICIALS WHO NEGOTIATED THE CURRENT CONSENSUS HAD DONE A COMMENDABLE JOB, IT WILL VERY LIKELY BE NECESSARY TO ELEVATE THE LEVEL OF OFFICIALS WHO WILL CONCERN THEMSELVES WITH THIS MATTER. FOR EXAMPLE, LEGISLATION NOW PENDING REQUIRES THAT "THE SECRETARY OF TREASURY" SHALL BE CHARGED WITH PURSUING NEGOTIATIONS. BERGSTEN SAID HE DID NOT MEAN TO SUGGEST THAT DETAILS SHOULD BE NEGOTIATED AT THIS LEVEL, BUT THAT THE TOP LEVELS OF GOVERNMENT WILL HAVE TO GIVE DIRECTION TO NEGOTIATIONS.

5. DENMAN EXPRESSED APPRECIATION FOR BERGSTEN'S VIEW ON THE SUBJECT AND FOR THE EARLY WARNING ABOUT PROBABLE FUTURE US PROPOSALS IN THIS AREA. HINTON

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## Message Attributes

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**Review Markings:**  
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